

## How does inheritance tax work in Spain?

### INHERITANCES AND GIFTS TAX

Inheritance and Gift Tax (for individuals) called ISD (Impuesto sobre Sucesiones y Donaciones)

Husband  
& Wife and Spanish Inheritance Tax (ISD)

It should be noted that there is no exemption to Spanish inheritance tax between a husband and wife as there is in the UK. If an unmarried own a property together, the tax due can be even more, and anything over €15,956.87 will be taxed as kinship group IV, (i.e. double that of a married couple). Nevertheless, it is possible to register a relationship and be tax as a married couple, similar to the Civil Partnership in the UK

Tax liability:

(Note  
- inheritance tax is paid by the recipient)

Spanish resident individuals are liable on receipt of any asset wherever situated whether by death of donor or lifetime gift. Non-residents are liable on receipt of any asset situated in Spain.

Tax is payable: (by the recipient)

Within 6 months of death of the donor, or within 30 days following the transfer of lifetime gift. There are some provisions for deferred and scheduled payments in certain circumstances.

Assessment of tax:

The tax is assessed on the value of the net amount received and accrues from the date of death, or the date of transfer of the gift.

Tax payable:

The calculation of the tax payable is dependent upon the net value of the transfer, the degree of kinship between transferor and transferee, and the pre-existing net worth of the transferee.

## Spanish Inheritance Tax

**Inheritance Tax**  
covers transmissions by gift and by death. The tax is levied on the recipient and residents are subject to tax on world-wide gifts and legacies. Tax is due on the value of the assets at the date of the transmission, net of any associated debts.

From 2004, in Andalusia, small inheritances are exempt, primarily when the total estate is valued at less than 500.000€ and the individual inheritances are less than 125.000€. This concession only applies to those who are resident in Andalucía and are close family members.

The amount of the tax-exempt band depends upon the relationship to the donor. The limit for spouses and children over 21 is €15,956.87, for example. The tax payable on the balance is calculated in two stages. Firstly, calculate the 'basic tax payable', in accordance with the following table:

Secondly, a co-efficient is applied to the basic tax amount. The co-efficient depends upon the relationship between the donor and the recipient and the pre-existing net wealth of the recipient, according to the following table:

Pre-existing net wealth group*	Kinship
-	
& II	III
Euros	IV
	I

0 to 402,678.11			1,0000	1,5882	2,0000
402,678.11 to 2,007,380.43	1,0500	1,6676	2,1000		
2,007,380.43 to 4,020,770.98	1,1000	1,7471	2,2000		
Over 4,020,770.98		1,2000	1,9059	2,4000	

## \*Kinship groups:

I: direct descendants under 21; II: direct descendants over 21, spouse, direct ascendants; III: relatives to 3rd line, such as brothers, uncles and nephews; IV: all others.

Information relating to financial and taxation issues was compiled by Michael Jarrett of Churchill Personal Investments, contact michael.jarrett@cpi.drago.net  
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Michael and other members of the firm provide independent advice on all matters regarding expatriate financial issues. The areas of specialisation include retaining the confidentiality of finances, through specialised tax planning structures, Portfolio Management, Offshore Strategies, Investment Advice, Trust Arrangements, and Retirement Planning.

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Taxable  
Transmission Band

Up  
to Euros...

Rate  
%

Cumulative  
Tax

0 – 7,993.45

7,993.46 – 15,980.90

15,980.91  
– 23,968.35

23,968.36  
– 31,955.80

31,955.81  
– 39,943.25

39,943.96  
– 47,930.71

47,930.72  
– 55,918.16

55,918.17  
– 63,905.61

63,905.62  
– 71,893.06

71,893.07  
– 79,880.51

79,880.52  
– 119,757.66

119,757.67  
– 159,634.82

159,634.83  
– 239,389.12

239,389.13  
– 398,777.53

398,777.54  
– 797,555.08

Remainder

7.65

8.50

9.35

10.20

11.05

11.90

12.75

13.60

14.45

15.30

16.15

18.70

21.25

25.50

29.75

34.00

611.50

1,290.43

2,037.26

2,851.98

3,734.59

4,685.10

5,703.50

6,789.79

7,943.98

9,166.06

15,606.22

23,063.25

40,011.04

80,655.08

199,291.40